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## ***MNCs and local cross-sector partnerships: The case of a smarter Baltic Sea***

Tiina Ritvala, Aalto University School of Business, Department of Management Studies

Asta Salmi, Aalto University School of Business, Department of Management Studies

Per Andersson, Stockholm School of Economics, Department of Marketing and Strategy

### **Abstract:**

Although cross-sector partnerships (XSPs) between multinational corporations (MNCs), governments and non-profit organizations are increasingly used to solve local problems and build responsible business, they have received limited attention in international business research. Because XSPs are vulnerable to conflicts and pose specific demands for subsidiary managers, it is critical to understand the integration mechanisms of XSPs that enhance their success. We study managerial sensemaking in an XSP formed to improve the environmental state of the Baltic Sea. Drawing from a cross-disciplinary literature review and insights from a case study we identify three kinds of integration mechanisms: resource mechanisms, ideational and social mechanisms, and organizational mechanisms. Our findings further imply that managerial “*bricolage*”, i.e. strategically combining resources at hand, is critical in enacting the integration mechanisms. The findings help to understand how integration and success of MNC’s local partnerships may be increased.

**KEYWORDS:** cross-sector partnerships, MNC, non-profit organizations, government, bricolage

## 1. **Introduction**

Cross-sector partnerships (XSPs) between business, government and non-profit organizations are a favored strategy to address complex, social problems such as public health pandemics, environmental degeneration and climate change (Maak & Pless, 2009; Koschmann, Kuhn & Pfarrer, 2012). Multinational corporations (MNCs) are increasingly challenged to participate in societal problem-solving through collaboration across sectors (Bhanji & Oxley, 2013; Boddewyn & Doh, 2011; Lucea, 2010), involving both social and political actors (Hadjikhani, Lee & Ghauri, 2008). XSPs are one prominent way to implement MNCs' corporate social responsibility (CSR) strategy (Seitanidi & Crane, 2009), and an enticing avenue for innovation and sustainable value creation (Kolk & Pinkse, 2008; Kolk & van Tulder, 2010; Doh & Teegen, 2002; Porter & Kramer, 2011).

It is surprising that despite rich literature on CSR, we have limited understanding of MNCs' local CSR activities, such as cross-sector collaboration to solve regional problems (Dahan et al., 2010; Rodriguez et al., 2006; Husted & Allen, 2006). Indeed, empirical research on MNCs' CSR activities focuses on the corporate level of analysis, rather than investigates subsidiaries' CSR activities in host countries (Wiig & Kolstad, 2010; Campbell, Eden & Miller, 2012).

At the same time, we know that XSPs are troublesome. First, collaboration between diverse actors with different sets of goals is susceptible to gridlock and fragmentation (Selsky & Parker, 2005; Koschmann et al., 2012). Furthermore, fundamentally different values, temporal perspectives, and organizational practices are likely to feed hostility and mistrust between the partners (Rondinelli & London, 2003). When operating in local XSPs, MNCs are vulnerable not only to the liability of foreignness (Zaheer, 1995), but also to the "liability of privateness, whereby corporations investing the provision of public goods and services lack legitimacy" (Bhanji & Oxley, 2013, p.291). Indeed, previous studies suggest that many stakeholders remain suspicious about the

motives and capability of foreign MNCs in operating in traditional domains of national governments and non-profit organizations. Because of these conflicting forces, the success of XSP activities of MNCs depends on the existence of suitable 'glue' and integration between the partners in the XSP.

The challenges of integration and cooperation that MNCs face in XSPs resemble those that researchers have observed in other contexts of local cooperation. For instance, research on the so-called triple helix network, which focuses on triads of governmental, private, and academic organizations, draws attention to the issue of knowledge integration. Brundin et al. (2008) draw the conclusion that local and regional integration and "cooperation between the (three) parties are incidental rather than planned and there is lack of structure" (p. 77). Investigations of regional innovation systems show problems in cooperation, and barriers to joint knowledge development and learning (Asheim, Smith & Oughton, 2011). Likewise, sustainability research emphasizes integration problems in networks: for instance Strigel (2003) states, "promoting sustainability needs integrated knowledge systems that connect what have too often been ... 'island empires'" (Strigel, 2003, p. 261).

To conclude, earlier research notes the importance of integration for cross-sectoral cooperation, and brings to the fore different elements of integration: organizational, institutional, social networking, knowledge integration, and communication. Our study analyses how MNCs and their subsidiary managers tackle these integration issues in XSPs. In particular, we are interested in seeing how integration may be enhanced and strengthened under the conditions of different goals and institutional pressures, as this would lead to better success of the XSPs.

Building both on the suggestions for integration from the literature and on insights from our Baltic Sea case, we will elaborate on and present a model of integration mechanisms in cross-sector contexts where MNCs are involved. As MNCs are likely to be increasingly involved in XSPs that solve societal problems, it becomes critical for MNC managers to find potential success

factors for operating in such non-familiar contexts. While earlier studies have revealed different integration areas, our contribution lies in providing a holistic analysis of XSP integration. At the same time, we aim for a fine-grained analysis of the elements of integration mechanisms in local partnerships of MNCs. We argue that a deep understanding of integration is needed in order to understand the nature of the integrating ‘glue’ between the partners. This in turn can contribute to better organizing of XSPs and also, help in overcoming the societal problems.

We argue that currently both International Business (IB) scholars and practitioners lack understanding on how to cope with the inherent challenges of XSPs where parties with different mental representations (Lucea, 2010) and limited resources try to solve common issues. Therefore, we investigate how (subsidiary) managers tackle the integration issues, and propose in a second analytical step that managers who enact the resource, ideational, social, and organizational mechanisms in XSPs, in effect engage in “*bricolage*” activities. Bricolage means that the managers make do with “whatever is at hand” (Lévi-Strauss, 1966, p. 17) in order to innovate novel solutions and avoid failure of the XSP.

Our aim in this article is to address the gaps in the understanding of integration in XSPs by asking: *What kinds of integration mechanisms can be identified in local XSPs of MNCs?* We focus on managerial sensemaking, by which we refer to the process through which social actors perceive, interpret, and evaluate each other's conduct, motives and roles in the partnership (Gioia & Chittipeddi, 1991; Clark & Gebbert, 2011). Managerial sensemaking is important for the creation of a shared vision (Gioia & Chittipeddi, 1991) for the XSP and enables us to identify potential integration mechanisms in the partnership.

We examine the complexities of XSPs by studying the collaboration processes in an initiative to protect the Baltic Sea. Paradoxically, the Baltic Sea is the most studied and protected, but at the same time among the most polluted seas in the world (Helsinki Commission, 2010). It is an ecologically unique ecosystem with shallow bays, which makes it highly sensitive to the

environmental impacts of human activities. Marine pollution exemplifies a truly global issue, which knows no territorial and sectoral boundaries. Our longitudinal case study focuses on the collaboration between a Finnish-based non-profit foundation (called the Baltic Sea Action Group), IBM (International Business Machines) Finland, and several governmental agencies.

Our findings suggest three broad integration mechanisms that are essential to overcome friction in local XSPs of MNCs. These mechanisms extend IB literature on integration mechanisms (e.g. Kim, Park & Prescott, 2003; Martinez & Jarillo, 1989), which places astonishingly little attention at MNCs' CSR-related behavior (Cruz and Boehe, 2010). This is problematic because traditional integration mechanisms may ill-fit CSR, which often involves wide collaboration between diverse stakeholders.

The paper proceeds as follows. First, we briefly discuss the concept of XSP and review the relevant literature on integration mechanisms and bricolage. After explaining our research strategy, we present our case study on the 'smarter' Baltic Sea. Our result section discusses the three integration mechanisms and bricolage activities that were present in the case. We conclude with theoretical and managerial implications for the study of the MNC-XSP interface.

## **2. Theoretical context**

### *2.1. Cross-sector partnerships and integration mechanisms*

Research on cross-sector partnerships (XSPs) is still at an embryonic stage and lack universally accepted concepts. Our definition of XSPs is built on Selsky and Parker (2005) and Le Ber and Branzei (2010), who define them as cross-sector voluntary partnerships between for-profit and not-for-profit organizations which involve co-development of products, technologies or services that address an unmet societal need. Thus, XSPs concern a deeper engagement and collaboration than does the philanthropical type of CSR, and involve active exchange of resources

between the actors involved. These complex interdependencies and inherent tensions between members of XSPs, makes integration particularly important for the success of the partnership.

The discussion on integration mechanisms has a fairly long intellectual history in the IB literature (Bartlett & Ghoshal, 1989; see also Martinez & Jarillo 1989 for an early review of the evolution of research on coordination mechanisms in MNCs), and they incorporate aspects of both control and coordination (Kim, Park & Prescott, 2003). Despite differences in the number and naming of the mechanisms, they cluster around formal and informal or social integration mechanisms such as personnel rotation (Edström & Galbraith, 1977; Baliga & Jaeger, 1984; Björkman, Stahl & Vaara, 2007). Notwithstanding the numerous contributions of this rich body of literature, little attention has been directed to the actual use of integration mechanism in the context of MNCs' CSR-related behavior. Indeed, while Ackerman (1973) introduced the importance of integration mechanisms to manage social issues within the organization already in early 1970s, little empirical IB research has followed.

In a rare study, Cruz and Boehe (2010) build on the stakeholder approach and Bartlett and Ghoshal's (1989) framework for CSR (Husted & Allen, 2006), in order to tackle the tension between global integration and local responsiveness in CSR. Their study suggests that MNC managers may use four mechanisms to integrate local CSR activities with the strategies designed by the HQ: hierarchical, relational, cultural, and collaborative (Cruz & Boehe, 2010). Hierarchical mechanisms involve the definition of top-down CSR objectives and measurable indicators, for instance based on the Global Reporting Initiative. Relational mechanisms concern how relationships among employees can be employed to disseminate CSR policies and practices and foster learning and dissemination of best practices. Cultural mechanisms refer to making CSR part of corporate internal culture and organizational routines so that, for instance, environmental responsibility becomes part of the "corporation's genes" and history (Cruz & Boehe, 2010, p. 258). Finally, collaborative mechanisms refer to cooperation with external stakeholders, such as non-profit

organizations, governments and suppliers, in order to create CSR-based competitive advantages and legitimacy in the host environment. While collaborative mechanisms may include XSPs, the study by Cruz and Boehe (2010) refers to philanthropic type of CSR activities rather than deeper engagement, for instance, in co-development of new technologies. This is problematic because the identified integration mechanisms may ill-fit the context of XSP, which often involve complex resource dependencies, distrust and conflict between partners (Parker & Selsky, 2005; LeBer & Branzei, 2010; Macdonald & Chrisp, 2005). Such a context invites more research on integration, which is sensitive to contestation, power, and the negotiated nature of collaboration (Clark and Geppert, 2011).

The integration problems have been noted in sustainability research. For instance, Strigel (2003) states that “sustainability initiatives are mainly open-ended networks” (p.255), and integrated knowledge systems are needed for promoting sustainability. Furthermore, issues of handling local network integration have been observed in studies of international cooperation and joint ventures, and their effects and connections to local innovation (Mahmood & Zheng, 2009).

The “how” question of integration and cooperation has been commented in different ways in different research fields. Some studies of environmental management in local networks take an interest in the role of various social mechanisms, in particular the role of social networks as part of the local integration and cooperation. For example, in their study of a local environmental program, Cavalcanti et al. (2013) studied the relevance of social integration and participation for cooperation during a partly successful environmental program. Other researchers approach the “how” question of local network integration. For example, triple helix cooperation research (Viale & Etzkowitz, 2010) focusing on local and regional integration between triads of governmental, private, and academic organizations draw attention to issues of handling knowledge integration and knowledge networks between the various actors, where the sharing of knowledge becomes part of the integrating resource structures between the actors. In the same line of reasoning, Brundin et al.



(2008) direct attention to organizational and institutional mechanisms, hindering (or fostering) growth and sustainability in these triadic, often local relationships. Building on institutional theory, they argue that integration can be hindered by institutional isomorphism within the various stakeholders' organizational fields, where the "the rules of gaining and keeping legitimacy differ between them" (ibid, p.83). In addition, integration is also dependent on the organizational, operational and communication processes emerging in the cooperation: "The cooperation is not based on planned and coordinated efforts of cooperation, but more on *ad hoc* interventions and interactions", i.e. relying much on informal, verbal agreements (ibid, p.95).

Summing up, researchers within different fields associated with triadic XSP settings approach the "how" question of integration mechanisms in association with local sustainability initiatives in different ways. They all point to the need for increasing integration, and thus for the need of more managerial tools to tackle integration problems. While the widely dispersed literature suggests different integrative elements, such as social networks, organizational culture and knowledge integration, we lack focused studies on the presence of different integration mechanisms in MNCs' local XSPs, which are often characterized by absence of needed resources, common ground, and collaborative experience. The notion of bricolage (Lévi-Strauss, 1966) has been shown to help individuals and organizations to collaborate, innovate and improvise in harsh conditions lacking material, social and cognitive resources.

## 2.2. *Bricolage in XSPs and MNCs*

XSPs are typically formed in contexts characterized by the need for formidable resources for problem-solving. An important concept for the study of resource constrained environments is what French anthropologist and ethnologist Lévi-Strauss (1966, p.17) called bricolage, i.e., to "make do with whatever is at hand". The concept is increasingly applied within

the field of management studies, for instance by improvisation (e.g. Weick, 1993), innovation (Garud & Karnøe, 2003), and entrepreneurship scholars (Baker & Nelson, 2005).

In essence, bricolage is about refusing to “enact limitations” and about innovatively “combining resources for new purposes” other than those for which they were originally intended (Baker & Nelson, 2005, pp. 334-335). Baker and Nelson (2005) build on Penrose’s (1959) classical work, in order to understand how entrepreneurs may create value in a scarce resource environment. Penrose (1959) argued that even if firms hold very similar resources they may produce radically different products to customers because of differences in how they combine and innovate with the given resources. Thus, it is idiosyncratic resource combinations (Barney, 1991; Wernerfelt, 1984) that underline value creation in a process, which requires creativity, improvisation, social skills, and tolerance for ambiguity, messiness and setbacks (Baker & Nelson, 2005).

In cross-sector partnerships, innovative uses of resources aim at both economic and social value creation (Hayek, 1945; Mair & Marti, 2009; Zahra et al., 2009). Not surprisingly, the concept of bricolage is increasingly gaining recognition in resource constrained environments, such as bottom of the pyramid (BOP) markets (Prahalad & Hammond, 2002; Mair & Marti, 2009; Seelos et al., 2011). Di Domenico, Haugh and Tracey (2010) complement the key concepts of bricolage – making do, the refusal to be constrained by limitations and improvisation – with three novel constructs of social value creation, stakeholder participation, and persuasion, in order to understand social value creation.

To date, the study of bricolage in social value creation has been almost exclusively conducted in the context of small firms or social enterprises (Mair & Marti, 2009; Di Domenico et al., 2010; Seelos et al., 2011), rather than large MNCs. In a rare study, Halme et al. (2012) found that promoters of sustainability-related innovations in MNCs often face severe resource scarcity (e.g. shortage of time and financing) despite the seemingly resource rich contexts. In such situations, dedicated middle managers may engage in bricolage activities that are atypical of MNCs:

to seek to make use of whatever scarce resources are available (and occasionally even working underground) in order to push the innovation forward (Halme et al., 2012). Such intrapreneurial bricolage (ibid.) highlights the central role of individual managers acting as change agents.

The diversity and complexity of contemporary XSPs suggest going beyond the BOP context and the solitary figure of Lévi-Strauss's bricoleur, and to investigate "collective bricolage" in social initiatives through external networks (Weick, 1993; Garud & Karnoe, 2003; Duymedjian & Rüling, 2010). Collective bricolage implies distributed agency between multiple actors residing in different organization who may hold different goals, interpretive frames, and levels of involvement (Garud & Karnoe, 2003; Bechky & Okhuyesen, 2011).

With the above discussion in mind, we suggest that XSPs call for integration mechanisms and they are demanding forms of collaboration: they bring together actors with different goals and mental representations in settings that are often characterized by resource scarcity and high uncertainty. This context sets high demands for integration and improvisation – aspects about which extant international business literature is today less than informative.

### 3. **Research strategy**

To understand how managers respond to the various tensions (such as differences in goals and organizational practices) in XSPs, we follow a single in-depth case study approach, which is well suited to understanding the managerial perceptions and complex interaction processes that are embedded in time and their natural context (Woodside & Wilson, 2003; Piekkari et al., 2013). Our unit of analysis is an XSP formed to protect the Baltic Sea. The key actors in the case are IBM Finland (hereafter referred to as IBM), the Baltic Sea Action Group (BSAG), and three governmental agencies in Finland. IBM's global presence and organizational legacy makes integration and the liability of foreignness and privateness salient organizational challenges, thus, making it a particularly suitable information rich case (Patton, 1990). Our case has two embedded

units: Smarter Maritime Communication at the Baltic Sea, and Algae Watch (a smart phone application for the general public to monitor the algae situation).

### *3.1. Data*

Our key source of evidence is longitudinal interview data. We conducted thirteen semi-structured interviews between February 2009 and February 2013 with eleven informants (see Table 1). Interviews lasted between 40 and 90 minutes, were conducted in Finnish (12) and English (1), and were all recorded and transcribed. All of our interviewees possessed key managerial positions in business, government, or non-profit sectors. The interviewees were first asked to describe why and how they became involved in the Baltic Sea projects. Thereafter, more specific and targeted questions were asked relating to the motivations and activities of the different partners of the XSP as well as the challenges encountered. Our aim was to get managers to talk about how they perceive each other's motives and conduct in the partnership so that we could elicit possible integration mechanisms that are present in the XSP.

Table 1. around here

The interview data were augmented by 28 webcasts from the Baltic Sea Action Summit (BSAS) held in in February 2010, and 18 webcasts from the follow-up summit held in Helsinki in February 2011. Altogether the webcast material comprises of 273 minutes (142 min. from the original summit and 131 min. from the follow-up). The transcribed webcasts broadened our view, as they gave clues about different goals, values and approaches that actors across sectors use to tackle the common issue. We have also collected and analyzed various types of documents that discuss the two commitments (e.g. newspaper stories, press releases, and corporate responsibility reports) for the period between early 2009 and October 2012 (altogether 55

documents). These different data sources (see Table 2.) gave us a rich understanding of the challenges encountered and the solutions of partnering across sectors, and ensured the quality of our results.

Table 2. around here

### 3.2. Data analysis

We conducted a thematic analysis following the thematic networks technique (Attride-Stirling, 2001). Thematic networks are “web-like illustrations (*networks*) that summarize the main *themes* constituting a piece of text” (ibid, p.386). We found the first order basic themes inductively in the data, although our pre-understanding was theoretically informed (Mantere & Ketokivi, 2013). When abstracting and grouping basic themes into higher-order organizing themes we sharpened the themes by connecting them with existing literature on integration mechanisms, following the logic of abduction (Dubois & Gadde, 2002). Through this process, eight basic themes and three broader clusters of integration mechanisms were identified: 1) ideational and social mechanisms; 2) resource mechanisms; and 3) organizational mechanisms. Initially our focus was placed solely on identifying different integration mechanisms. After multiple cycles of data analysis it became apparent that the sustaining force of the XSP was, in fact, individual managers’ capability and willingness to imaginatively combine material, ideational, and social resources as well as to improvise and flexibly organize the partnership. This led us towards the literature on bricolage (Lévi-Strauss, 1966; Baker & Nelson, 2005). Our analysis suggests that both intrapreneurial bricolage within the MNC (Halme et al., 2012), and collective bricolage in the inter-organizational networks (Duymedjian & Rüling, 2010) were essential for the success of the XSP. We visualize the data structure in Figure 1 and provide selected quotations in Tables 3-5.

Figure 1. around here

#### **4. Findings: integration mechanisms and bricolage in cross-sector partnerships**

##### *4.1. Overview of the XSP*

IBM has carried out business in Finland since 1936; the company is essentially a local marketing and sales unit for various IBM's products (e.g. software, systems) and services (e.g. business and outsourcing services). For IBM, the XSP was one step in creating its strategic CSR agenda. In 2008, IBM's Chairman and CEO Samuel Palmisano introduced a program called Smarter Planet. Palmisano described complex problems of today, and argued that these can only be solved by individuals with "courage and vision" forming partnerships "outside their comfort zones" with the help of intelligent systems. This he claimed requires globally integrated enterprises that transform themselves beyond traditional multinationals.<sup>1</sup> This speech indicated a major shift of focus in the company's strategy. Today, we see that IBM's research activities and business development deals with complex ecosystems such as (smart) cities that integrate various separate systems (transport, water, energy and communication). In Finland, the Smarter Planet program commenced in 2009 along with the XSP analyzed in this article. The participation in the XSP was considered to be a perfect fit to further IBM's strategy to address the untapped potential of IT to contribute to social issue solving (Jokela, 2010).

The non-profit foundation Baltic Sea Action Group (BSAG) was registered in Finland in 2008. In spring 2009, in collaboration with the President and Prime Minister of Finland it launched the Baltic Sea Action Summit (BSAS) initiative, a platform for heads of state, companies, non-profit organizations, and individual citizens to protect the Baltic Sea through concrete commitments. The summit, which took place in Helsinki in February 2010, was designed to attract

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<sup>1</sup> <http://www.cfr.org/technology-and-foreign-policy/smarter-planet-next-leadership-agenda/p17696>

high media attention with the participation of high-level state leaders such as Vladimir Putin and the King of Sweden. This goal was reached, and the summit was praised by the media and reported in over 1000 articles in 30 different countries. For instance, *the Guardian* headlined its article as: “Saving the Baltic sea. After the Copenhagen debacle, Finland has set a new standard for environmental action”. As a part of the summit, nearly 200 commitments were made, of which we focus here on two.

The commitment called “Smarter Maritime Communication at the Baltic Sea” involved collaboration between BSAG, IBM Finland, the Finnish Maritime Authorities (Trafí), and the Technical Research Center of Finland (VTT). The goal was to advance maritime safety by improving communications between vessels and local authorities with the help of an Automatic Identification System (AIS). The Gulf of Finland is among the most heavily trafficked sea areas in the world (Kuronen & Tapaninen, 2009), and growing shipping activity has raised increasing concerns about the possibility of a large-scale oil accident. AIS is a standardized system mandated by the International Maritime Organization (IMO), but a new suggested standard AIS+ included new maritime digital services, such as hazardous cargo information. The AIS+ system was presented at the summit by Larry Hirst, Chairman of IBM EMEA. During his speech Mr. Hirst made another commitment to the Baltic Sea.

The second commitment was that IBM would leverage the competence residing in its labs and strategic centers in water research to the benefit of the Baltic Sea. The new commitment by IBM, the Finnish Environment Institute (SYKE), VTT, and WWF called “Algae Watch” was published in June 2011. It encouraged citizens to collect information on the occurrence of toxic blue-green algae (a sign of a sick marine environment) and bladderwrack blooms (a sign of a healthy marine environment). SYKE and VTT were responsible for the content design of the application, as well as for data collection and visualization, while IBM developed the

communication tool for iPhone. In this task, IBM leveraged the “Creek Watch” application developed by its Silicon Valley lab.

The XSP was not without problems. Most crucially, different goals, temporal perspectives and role expectations hampered collaboration. The biggest disappointment concerned the maritime authorities’ delay in implementation of the jointly developed software. Indeed, in early 2014, after successful piloting of AIS+ and negotiations with IMO’s representatives, the AIS+ protocol was still awaiting that the authorities would commence sending the new messages. Despite such difficulties and challenges, AIS+ is heralded as one of the promising examples of XSPs to save the Baltic Sea (SYKE, 2011). Based on our empirical findings, we now discuss the integration mechanisms that were essential to overcome friction and disintegration inherent in the sector-spanning partnership.

#### *4.2. Integration mechanisms in XSPs*

Our research question asked what kinds of integration mechanisms can be identified in local XSPs of MNCs. We found three broad integration mechanisms: Ideational and social mechanisms, resource mechanisms, and organizational mechanisms.

##### *Ideational and social mechanisms*

By reference to ideational<sup>2</sup> and social mechanisms we refer to intangible resources that are crucial for initiating and keeping the XSP together: values, personal relations, credibility and status. Most essentially, they involve deeply ingrained personal and organizational values that were important motivators for participation in the XSP. Individual values constitute a personal “bottom line” (Posner et al., 1985, p. 294) and they were a key motivator for the individual managers’ participation in the XSP. Managers were concerned about the poor condition of the sea and saw that they had moral obligations to help in improving it, as the CEO of IBM Sweden

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<sup>2</sup> Our definition of ideational builds on Schotter and Beamish (2013, p. 523) who state, “ideational refers to cultural, religious, and political values”.



reflected: *“I’ve spent almost my entire life in the archipelago...It did not take long to persuade me to participate. My personal angle to this issue is the concern that what will happen if things continue to get worse.”* (See also quotes 1.1-5 in Table 3). At an organizational level, IBM has a long history of participation in voluntary programs and cross-sector partnerships since the period of Thomas Watson, Jr. (See Watson, 1963: A business and its beliefs). In essence, our data suggest that the more values that participants share, the quicker they seem to be able to identify a common purpose for their partnership (Westley & Vredenburg, 1991; Ritvala & Salmi, 2010), which safeguards the partnerships against the inherent tensions of XSPs.

Social mechanisms are associated with an individual’s personal relations and status, that is, “the extent to which one’s network contacts hold high positions in the relevant status hierarchy” (Morrison, 2002, p. 1150). The beginning of forming the XSP was person-bound. The Chairman of BSAG contacted IBM Finland’s CEO in order to discuss *“how IBM could be part of some initiative”* even before the foundation was established (See quotes 2.1-3 Table 3). Later, the high credibility and status of the key actors involved (e.g. the HQ representative of IBM) was of significant help in building legitimacy and overcoming resource constraints (quotes 3.1-4 in Table 3). Career mobility also strengthened the role of the XSP within the IBM Nordic organization (See quote 2.4 in Table 3).

### *Resource mechanisms*

Resource mechanisms refer to complementary resources that, in a manner similar to successful for-profit alliances (Kogut & Zander, 1992), are key to effective cross-sector partnerships (Dahan et al., 2010; Webb et al., 2010). Our findings indicate that the organizations involved were keen to use their existing (slack) resources rather than financial investment in the XSP, as illuminated by an Innovation Director: *“We prefer to take advantage of our technological expertise and innovation”* (see quotes 1.1-4 in Table 4). The harnessed resources were directly

linked to the corporate strategic priorities, as explained by a subsidiary CEO: *“We had just published in the previous year our global strategy in which we talked about a smarter planet and we thought that this [initiative] makes an excellent fit.”* Besides complementary resources, resource dependencies between the partners created the glue that kept the parties together. This was most evident in the area of maritime administration, where safer maritime traffic might not be accomplished *“without the knowledge that ships and authorities have”*. Indeed, the successful completion of the XSP was only possible by acknowledging complex resource dependencies between the actors (See quotes 2.1-4 in Table 4).

### *Organizational mechanisms*

Organizational mechanisms concern the practical organizing of the partnership in a way that makes collaboration smooth and efficient. Our findings suggest three critical organizational mechanisms that support successful organizing of XSPs: technological enablers, flexibility, and media visibility (see Table 5). Our case shows that technology supports problem resolution (Westley & Vredenburg, 1997) by acting as a mediator and connector between dispersed actors and competences, and by expanding network boundaries even globally. Since 2003, IBM has run a so-called On Demand Community, which is a global initiative to encourage and sustain corporate responsibility through volunteerism<sup>3</sup>. The global community has hundreds of thousands of volunteers, over 300 in Finland, to help the nonprofit sector with a set of IBM technology tools (IBM, 2011; Environmental Report, 2009). More than 40 volunteers within IBM from ten countries participated in the development of the open source AIS+ software (see quotes 1.1-2 in Table 5).

Yet, harnessing ICT was challenging, because the AIS+ protocol was unknown among the volunteers, which made their participation difficult. Lack of required resources and competences necessitated a major change in the roles of the actors involved. Because of this, the parties needed

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<sup>3</sup> <https://www-01.ibm.com/ibm/ondemandcommunity/home/index.jsp>

to improvise; VTT took care of all coding work, and IBM the technological documentation and user manual of the AIS+ system (see quote 1.3 in Table 5). Thus, flexibility – both intra-organizational and inter-organizational – acted as a critical integration mechanism in the XSP (see quotes 2.1-2 in Table 5). From IBM's perspective, the XSP required organizational tolerance for risk, as described by Innovation Manager: *"A kind of thinking frame where you calculate ROI [return on investment] for this beforehand does not work...You cannot possibly make such calculations when there are lots of uncertainties."* Allocation of IBM employees working hours to the XSP was challenging. This issue later triggered the creation of a new organizational platform in IBM called 'Growth Room', which supports entrepreneurial risk-taking by releasing organizational resources for testing new ideas (quote 2.3 in Table 5).

The third critical organizational mechanism was clever use of media. While media visibility was not the main goal for participation in cooperation, its positive effects were not neglected: *"of course, from the business point of view, I admit that you get positive publicity"* (See quotes 3.1-5 in Table 5). High publicity also attracted IBM's HQ representative to participate in the Helsinki Summit. In his retirement letter the Chairman of IBM EMEA reflected (Hirst, 2010): *"So 'who da thought' [Yorkshire dialect meaning who ever could have imagined] that this 'kid from the back streets' would follow Vladimir Putin onto a stage and present to a King, seven heads of state and 300+ business leaders in Helsinki about making the Baltic Sea cleaner and safer."* Clearly, publicity not only increased external organizational legitimacy, but also increased the voice of the subsidiary unit within the MNC (Banquet & Birkinshaw, 2007).

#### *4.3. Integration and bricolage*

The three integration mechanisms discussed above highlight the criticality of the capability and willingness of individual managers to innovatively utilize and organize existing material, social, and ideational resources for a common good. Therefore, managerial agency was

essential in enacting various integration mechanisms to overcome resource and legitimacy constraints, as well as to attract attention and continued organizational support (Birkinshaw & Ridderstråle, 1999; Bouquet & Birkinshaw, 2008). Owing to the inherent tensions and uncertainties of the XSPs, individual managers also needed to tolerate ambiguity and setbacks without losing their enthusiasm.

The enactment of the integration mechanisms we have discovered corresponds well to the type of agency discussed under the heading of bricolage (Lévi-Strauss, 1966). Our study suggests that three specific forms of bricolage are of great relevance to achieving integration within the XSPs: first, *material bricolage*, that is, the integration of complementary, discarded and “single application” materials (Desa & Basu, 2013, p.36); second *network bricolage*, that is, using pre-existing contact networks for issue solving (Baker et al., 2003, p. 265); and third, *organizational bricolage*, that is, shifting roles and reassembling their work in the XSP (Bechky & Okhuyesen, 2011, p.240). In sum, our study provides evidence for a novel link between the concepts of integration mechanisms and bricolage in XSPs.

## **5. Concluding discussion**

### *5.1. Research implications*

Our work contributes by starting to fill the identified gap in studies of MNCs’ involvement in XSPs, in particular at local subsidiary level (Clark & Geppert, 2011; Campbell et al., 2012). In line with the literature that focuses on the socio-political embeddedness of firms (Hadjikhani & Ghauri, 2001; Hadjikhani, Lee & Ghauri, 2008), we highlight the importance of including social and political actors in the strategic agendas of MNCs. Our case study showed how MNCs may benefit from local XSPs when aiming at both economic and social value creation.

XSPs are, however, as ambiguous and loosely-coupled organizations, vulnerable to various types of tensions, fragmentation and liabilities. Our results suggest that the three integration

mechanisms identified – social and ideational mechanisms, resource mechanisms, and organizing mechanisms – are essential in order to overcome friction and disintegration in local XSPs. Our case shows how, in the absence of formal mechanisms, informal social integration mechanisms played a critical role at the beginning of the XSP. Subsequent launch of a separate internal platform (Growth Room) brought more coordination and control in terms of resource allocation. This indicates the importance of temporal aspects in the use of formal and informal integration mechanisms. Overall, our research contributes to the literature on integration within the MNC (e.g. Martinez & Jarillo, 1989; Birkinshaw & Morrison, 1995) in the context of CSR in particular (Cruz & Boehe, 2010), by focusing on inter-organizational integration in local initiatives. We show that many integration mechanisms used internally by MNCs also apply to inter-organizational collaboration.

Our focus on a MNC's involvement in co-development of technologies for regional issue solving is unique and contributes to the very few IB studies that focus on integration aspects of CSR. Interestingly, we found less reliance on hierarchical mechanisms and more focus on people-based mechanisms, such as personal relations, status, and values (cf. Cruz & Boehe, 2010). Besides intra and inter-organizational networking skills, an entrepreneurial mindset was also important to trigger entrepreneurship at the subsidiary level, which again enhanced local responsiveness and worldwide learning within the MNC (Birkinshaw, 1997). These individual-level characteristics enabled bricolage, i.e. the innovative bundling of old ideas and dispersed resources, and helped in reconciling conflicting institutional demands. Accordingly, we join previous scholars in arguing that bricolage is an important concept for the study of environments characterized by resource constraints (Halme et al., 2012), high resource dispersion, and institutional complexity (Greenwood et al., 2011).

Our insights contribute to the understanding of bricolage not only in IB literature, but also more broadly in management literature, where MNCs as bricoleurs in social initiatives have mostly been studied in the context of the bottom of the pyramid (POB) markets (Halme, Lindeman

& Linna, 2012). Our findings suggest that the existence of a sufficient number of integrative elements is critical for enabling collective bricolage (Weick, 1993; Bechky & Okhuyesen, 2011) that takes place between dispersed actors in XSPs. In contrast to some previous studies (Garud & Karnøe, 2003), we find that collective bricolage is possible without the spatial proximity of actors when technology enables boundary-spanning collaboration. However, the leverage of ICT to local issue solving is likely to be challenging if an application is little known or if the local issue is very distant from the actors involved.

### *5.2. Future research directions and managerial implications*

XSPs form an enticing research area for management and international business scholars. Our study has some limitations, which serve as starting points for future research. Our empirical case analyzes collaboration processes over four years, but still illustrates the early phases of a MNC's participation in cross-sector partnerships. Therefore, there is a need for longer-term analyzes to see, for instance, how the parties may learn to cooperate over time in cross-sector partnerships, and how the MNC may transfer its learning across different partnerships. Further, the transferability of the findings may be limited as we draw insights from a single case MNC. Future research on local XSPs of MNCs outside the Finnish/Nordic context and the ITC industry are important to explore the issue of integration further.

Another contemporary research topic is to study how technologies developed in cross-sector partnerships may be translated into commercial solutions. Technologies offer new opportunities for combining sustainability, and IB scholars could analyze in more depth how technology links to economic and societal value creation. Finally, and importantly, our study found new links between the concepts of integration and bricolage. We suggest exploring further this intriguing relationship with both conceptual and empirical studies.

Our study has some important managerial implications. As already highlighted, XSPs offer MNCs a fruitful avenue for creating shared value for both business and society (Porter & Kramer, 2011) besides likely legitimacy benefits. These non-traditional partnerships may also position MNCs favorably in socio-political networks that have been previously inaccessible to them. However, MNCs that wish to promote cross-sector collaboration need to understand that participation in XSPs requires new competences, flexibility, and open mindsets, which are necessary when sailing into ‘unchartered waters’. Yet, it is the leaders of MNCs that “have the means and thus the power to act as agents of world benefit” (Maak & Pless, 2009, p.538). The potential benefits may be high: exciting innovation opportunities and increased job satisfaction when promoting social good and are often associated with such initiatives. For the local subsidiary, involvement in highly visible XSPs may attract renewed attention from HQ, thereby strengthening the overall position of the subsidiary within the MNC network.

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**Table 1**  
Interviewees from different sectors

IBM interviewees	BSAG interviewees	Governmental agency interviewees
<b>A1.</b> Innovation Director 28.2.2012 (58 min.) 30.3.2012 (40 min.)  <b>A2.</b> CEO of IBM Sweden (prev. CEO of IBM Finland) 3.10.2012 (65 min.)  Additional insights: Chairman, EMEA (webcast, retirement letter)	<b>B1.</b> Co-founder, Chairman of the Board 30.5.2012 (75 min.)  <b>B2.</b> Secretary General, Program Director 29.5.2012 (63 min.)  <b>B3.</b> Co-founder, Corporate relations and fundraising 9.2.2009 (90 min.) 28.2.2013 (59 min.)  <b>B4.</b> Secretary General, Co-founder 9.2.2009 (90 min.)  <b>B5</b> Project Director 19.12.2012 (83 min.)  Additional insights: <b>B6.</b> Executive Director (SWE), 29.9.2010 (86 min.)	<b>C1.</b> Senior Research Scientist 21.6.2011 (85 min.)  <b>C2.</b> Research Manager 27.4.2012 (52 min.)  <b>C3.</b> Ambassador for Baltic Sea Issues, 29.6.2011 (59 min.)

**Table 2**  
Secondary data sources

IBM Finland	Baltic Sea Action Group	Government agencies
<p>1. Commitments given as a part of the Baltic Sea Action Summit  <a href="http://www.bsag.fi/en/commitments/Pages/All-Commitments.aspx">http://www.bsag.fi/en/commitments/Pages/All-Commitments.aspx</a>  (Smarter maritime communication at the Baltic Sea and Algae Watch)</p> <p>2. IBM annual and corporate responsibility reports, press releases and videos accessed through IBM Finland and corporate webpages  <a href="http://www.ibm.com">http://www.ibm.com</a></p> <p>3. Newstories in media</p>	<p>1. Baltic Sea Action Summit Commitment Book  <a href="http://www.bsag.fi/en/Baltic_Sea_Action_Summit/BSAS%20Helsinki%202010/Pages/default.aspx">http://www.bsag.fi/en/Baltic_Sea_Action_Summit/BSAS%20Helsinki%202010/Pages/default.aspx</a></p> <p>2. Webcasts from the Baltic Sea Action Summit, Helsinki, Finland Feb 2010 and Summit Follow-up Feb 2011  <a href="http://formin.finland.fi/multimedia/bsas/videos/morning_plenary.html">http://formin.finland.fi/multimedia/bsas/videos/morning_plenary.html</a>;  <a href="http://formin.finland.fi/multimedia/bsas/videos/afternoon_plenary.html">formin.finland.fi/multimedia/bsas/videos/afternoon_plenary.html</a>;  <a href="http://www.youtube.com">www.youtube.com</a> (BSAS Commitment follow-up)</p> <p>3. Newstories in media</p>	<p>1. Commitments given as a part of the Baltic Sea Action Summit  <a href="http://www.bsag.fi/en/commitments/Pages/All-Commitments.aspx">http://www.bsag.fi/en/commitments/Pages/All-Commitments.aspx</a>  (Smarter maritime communication at the Baltic Sea and Algae Watch)</p> <p>2. Press releases accessed through organizational webpages  <a href="http://vtt.fi">http://vtt.fi</a>  <a href="http://www.aisplus.vtt.fi">http://www.aisplus.vtt.fi</a>  <a href="http://www.ymparisto.fi">http://www.ymparisto.fi</a></p> <p>3. Newstories in media</p>

**Table 3**  
Ideational and social mechanisms

Basic theme	Illustrative quotes
Organizational and individual values	<p>1.1 We opened this possibility for IBMers, who are interested in oceans. We have people outside Finland who love the sea and sailing. (Interviewee A1)</p> <p>1.2 I feel that I can do work which makes a difference... This work really can affect the safety [of maritime traffic]. (Interviewee C1)</p> <p>1.3 Like all of you I believe that nothing is inevitable. So today, let us ensure that no one in this room ever has to say to their grand children: I knew the European Dead Sea when it was known as the Baltic Sea. (Webcast from BSAS, <a href="http://formin.finland.fi/multimedia/bsas/videos/Afternoon_Plenary.html">http://formin.finland.fi/multimedia/bsas/videos/Afternoon_Plenary.html</a>, accessed September 20, 2013)</p> <p>1.4 I work here because I feel that values are in place here. (Interviewee C1)</p> <p>1.5 When we decide to participate in any CSR project it has to fit our strategy and values in some way. (Interviewee A2)</p>
Personal relations	<p>2.1 Before the foundation was established one of the founders had been in contact with IBM and there was a discussion about how IBM could be part of some initiative. (Interviewee B2)</p> <p>2.2 When you get involved in these [initiatives] you start to build new networks, which have been beneficial. I admit this openly. (Interviewee A1)</p> <p>2.3 He is extremely skilled networker and now acts as Innovation Director. (Interviewee C1)</p> <p>2.4 This [IBM Sweden's participation in the Baltic Sea Action Summit process] is largely based on the fact that IBM Finland's former CEO moved to Sweden. (Interviewee B1)</p>
Credibility and status	<p>3.1 Knowing Ilkka's background and the fact they [the NGO] had received a very powerful gang in their management board increased the credibility that this is not a one-man battle, but anchored very well to these countries in the Baltic Sea. (Interviewee A2)</p> <p>3.2 Ilkka is one of the founders and belongs to an industrial family. This opens doors. (Interviewee B3)</p> <p>3.3 If you have a big leader like Larry [Chairman of IBM, EMEA] who contacts the country managers and says that we have this thing and ask for a little financial support, they will say that yeah fine. (Interviewee A1)</p> <p>3.4 The project funding came from the Director-General...not everybody were satisfied when the instruction to allocate money came from the top. (Interviewee C1)</p>

**Table 4**  
Resource mechanisms

Basic theme	Illustrative quotes
(Slack) Resources	<p>1.1 We credit BSAG in that they didn't come to ask for money. If they'd asked for money, we would probably have said no. We prefer to take advantage of our technological expertise and innovation. (Interviewee A1)</p> <p>1.2 Their model was this Creek Watch application and they obviously used it pretty straightforward. (Interviewee C2)</p> <p>1.3 We participate in the development of society, using the same skills, knowledge and resources that we use in serving our customers. (IBM Finland website, <a href="http://www-05.ibm.com/fi/ibm/ibmgives/index1.html">http://www-05.ibm.com/fi/ibm/ibmgives/index1.html</a>, accessed September, 15, 2013)</p> <p>1.4. We had here at the same time under development this kind of Järviwiki [alias Lakewiki, a web service built and maintained in cooperation by authorities and citizens] and we were wondering whether that could be utilized. (Interviewee C2)</p>
Resource dependency	<p>2.1 AIS protocol was too specific and unknown protocol...The reputation and honor [for the outcome] go to VTT. (Interviewee A1)</p> <p>2.2 We cannot accomplish this [safer maritime traffic] without the knowledge that ships and authorities have. This is how the best innovations emerge when you cooperate with diverse actors who bring in different competences. (Interviewee A2)</p> <p>2.3 We donated an environment where such a large application development project can be easily coordinated and installed it in the VTT's servers. (Interviewee A1)</p> <p>2.4 The role of BSAG was to keep this thing going on and ensure funding. It has not been so easy. And also sell this [AIS+ system] to ship owners and operators. (Interviewee B2)</p>

**Table 5**  
**Organizational mechanisms**

Basic theme	Illustrative quotes
Technological enablers	<p>1.1 We opened the possibility that those [IBM employees] willing could participate in this open-source project. It surprised us all, that very quickly some 50 people from all over the world, Ireland and South America included, come on board. (Interviewee A1)</p> <p>1.2 We have quite many these types of [voluntary] projects going on. Best experts are selected on them in an attempt to improve the knowledge and technology we have. (Interviewee A2)</p> <p>1.3 IBM offered a great IT tool for managing this [participation by the volunteers] where someone can announce that (s)he can do this task and then later report how far (s)he has progressed. (Interviewee C1)</p>
Flexibility	<p>2.1 I have a job description, which allows for a freer role so that there aren't so strict tasks and performance indicators. So, this was capitalized on and then I've pushed it [the Baltic Sea commitment] forward besides my own work. (Interviewee A1)</p> <p>2.2 We assumed that they [IBM volunteers] know this standard and code and we didn't start to train them the substance...But what worked was the very professional work of IBM in developing a great technical documentation and user manual instead. (Interviewee C1)</p> <p>2.3 These pro bono projects have been challenging for our type of organization...initiatives do not fit in any basic model that would work in this type of small country...This project has been challenging e.g. for resource allocation and it can certainly be said that it has taught us, internally fueling the need for Kasvuhuone (direct translation to English 'Growth Room', an internal startup). (Interviewee A1)</p>
Media visibility	<p>3.1 This is a good thing to be involved with and of course from the business point of view I admit that you get positive publicity. (Interviewee A2)</p> <p>3.2. Of course, from the perspective of communications this has been useful. IBM Finland, too, wants to be a good corporate citizen and make our contribution on such issues. This year we celebrate [IBM's] 75 years in Finland and 100 years in the world - these are essential things here too. (Interviewee A1)</p> <p>3.3 Then in 2010 it [IBM's commitment released as part of the BSAS] was also used for [IBM's] global communications as an example of one of our project in which we are involved. (Interviewee A2)</p> <p>3.4 Here's how I see it: it is their [IBM's] and other firms' interest to be seen in the Baltic Sea Action Group's website and at the meetings in order to build positive image on their brands. (Interviewee C2)</p> <p>3.5 This is not mere charity but there is a chance for business benefits, networking and boosting of own business. (Interviewee B3)</p>



**Figure 1**  
Data structure

